

Exhibit M

THEMATIC MERCHANDISING

The Concession Contractor will implement a program of Thematic Merchandising. The intent of the program is to sell only gifts and souvenirs that are tied to the various interpretive themes at Lake Berryessa. This will require a more concerted effort at designing and developing gift/souvenir items. It also should carry over into the internal marketing design of shop interiors and even the theme focus in public areas such as restaurants and lobbies. Reclamation and the eventual Concession Contractor(s) selected for the next contract term(s) will develop a plan Thematic Merchandising Plan that will become this Exhibit N. Bidders should develop a response to Criterion B.2.(f) of this Prospectus PART 5 that identifies their anticipated approach in establishing Thematic Merchandising and that will also form the impetus to an eventual Exhibit N if they are successful bidder. The following information is provided to assist in grasping the overall concept of Thematic Merchandising.

A TIME FOR TRANSITION FOR RECLAMATION CONCESSIONER GIFT/RETAIL SHOP OPERATIONS

This discussion is intended to provide information and stimulate thought on the direction for Reclamation Concession Contractors regarding gift/souvenir sales and management in Reclamation concession areas.

It is *"a time for transition"* to a more discriminating technique of fulfilling our mutual responsibilities to our recreational visitors/customers. Reclamation has always recognized the important role of Concession Contractors in providing necessary services and information to our reservoir visitors but we have not seriously focused on the role of interpretation and education Concession Contractors could provide. The effort to increase the role of Concession Contractor in providing interpretive and educational services will obviously come into play with and impact retail sales operations.

This change can be initially disruptive because of the challenge to determine a new mix of gift merchandise types. Many retail items, i.e. boating and fishing supplies, groceries, sundries, camping supplies, etc. will not be impacted because of their necessary function and obvious application to area visitors. However, the products that are gifts and souvenirs including clothing that carries some type of a written message or logo need to undergo some critical review to become more tied to the specific interpretive and educational themes identified for Lake Berryessa.

Other shops around the country, i.e. museum shops, Nature Company, Smithsonian Institution etc. have shown that good profits are attainable through the sales of strictly thematically and educationally oriented products. Concession Contractors at Lake Berryessa and other Reclamation areas are not and will not be required to become as totally thematically focused as the companies mentioned above. However, the transition to thematic retailing will require a period of experimentation and learning some new ground rules for gift and souvenir products and sales. It will be necessary to become more firm and specific with long term purveyors and encourage them to help develop certain types of merchandise that targets visitors to Lake Berryessa utilizing specific local themes and approaches. Those suppliers who can not adapt to new lines and products will find their sales declining. Those that are adept and creative towards the new goals and successfully provide the target merchandise will see their profits increase. Similar efforts have occurred

within the National Park Service with Concession Contractors over the past several years and an important positive aspect for the Concession Contractors is that their gift sales have significantly increased once they committed to a coordinated thematic retail approach. This success mirrors the desire of the public to purchase products that have a certain level of thematic tie to the area they are visiting.

It is not expected that Lake Berryessa Concession Contractors are to become a carbon copy of a standard "museum shop". The functions of museum associated businesses are much more specific and rigid than Concession Contractors. An important goal is to have merchandise that is recognized as only available in your shop and is recognized as not being items that could be found elsewhere. This special and unique inventory will be obvious to customers and should help in sustaining more impulse purchases and better competition for discretionary dollars.

The following discussion presents how various types of shops and gifts compare to one another. It is not intended to present a right and wrong approach but simply some thoughts to help in approaching future thematic retail efforts at Lake Berryessa and throughout Reclamation as contracts expire and new contracts are issued that embrace these interpretive and other new and more contemporary contract requirements. This discussion is outlined in the form of a '*Spectrum*' of gift types and operations.

The "GIFT SPECTRUM"

Any subject or area of work has a spectrum which defines the boundaries of that issue or subject. For the most part it is not a "good" or "bad" spectrum but just highlights the various differences of how a certain subject can be viewed or a type of work can be accomplished. Examples of spectrums that we are all familiar with would include; (1) Politics and the spread of difference between "Ultra Liberal/Left Wing" all the way to "Ultra Conservative/Right Wing"; (2) Food Preference and the spread between strict "Organic Vegetarians" all the way to daily consumption of "Red Meat". For the matter of evaluation we all have our individual preferences in both of the above examples and normally it does not fall on the extreme ends but somewhere in the middle.

Gift shops and sales have a similar spectrum, when you really think about it, and just as in the above examples there is not a "good end" or a "bad end". The spectrum may be identified as it may apply to Concession Contractors in Reclamation and other public recreation areas in a basic way as follows:

1. **ONE END** - Mass produced souvenirs...No crafts or cultural merchandise...Tobacco, candy, film, magazines, and items of pop culture...Many items of pop culture simply emblazoned with a particular name or logo, i.e. "LAKE BERRYESSA" on a coffee cup ...Anthropomorphic use of wildlife (cartoon and humorous caricatures with animals having human personality)...Humorous or non accurate depiction of different cultures...Hundreds of items and crowded display shelves...The main key in determining if an item will be carried is if it will sell but little consideration or effort towards originality or interpretation.
2. **MIDDLE** - Very few thematic educational items...Some books...Low end and commercial cultural crafts...knockoff items made to appear similar to handcrafts or historic reproductions...Some attempts to provide support to visitor enjoyment of an area...Some specific art and style designs that may or may not be available in other areas outside the area being visited...Pop culture items emblazoned with the areas name...The main key here is that it sells and can be fashioned to carry

the name or some replication of the specific area being visited.

3. **OTHER END** - Museum shops...every item provides an educational or thematic relation to the area being visited or subject matter in question...Usually non profit organizations whose sales support the operation of a museum (Cooperating Associations) ...Very little flexibility in the type of items that will be carried...Some inexpensive souvenirs but must relate to the overall theme...Narrative descriptions in sales areas that identifies the background and significance of many of the items...Mass produced items are theme associated i.e. fine posters and art work, some clothing items with exclusive art work themes, copyrighted logos, children's items which are thematic but need to be designed in a way attractive to children, low priced small items which are thematic (key rings, refrigerator magnets etc.), lots of logo items which depict the theme or the sales entity (Smithsonian) etc...The key criteria to carry an item here is that it sells and provides a thematically designed educational support of the customers visit to the museum or specific attraction.

Again these are not descriptions which make a "good" or "bad" gift store. It all depends upon the reason for having the store in the first place and what the intent is. The character of Reclamation areas and other public land management areas and the reasons behind the establishment of concession operations must go into the mix in determining where our stores and shops must fall in this spectrum. There are certainly wide ranges towards both ends of the spectrum.

Reclamation has determined that authorized concession gift sales should move towards the THEMATIC direction. This effort is being approached in a fairly benign manner. It is being introduced during planning efforts and implemented at the time of contract expiration. Obviously we are also encouraging Concession Contractors to begin their own internal efforts at experimentation and transition prior to expiration because that allows for a period of time where new focus can be developed without the trauma of trying to do it overnight. Concession sales outlets at Lake Berryessa will need to begin this thematic approach as new contracts are authorized but initial thoughts and ideas should begin with the responses to this Prospectus.

One step that new Concession Contractors may wish to contemplate is to meet with Reclamation staff and discuss general and specific themes that have been identified as important at Lake Berryessa through the Visitor Exhibit Design Plan and other agency interpretive documents. This permits the concessioner to identify and brainstorm with Reclamation staff the pluses and minuses of various thematic approaches. Such meetings in an area like Lake Berryessa where there may be multiple companies conducting concession businesses will help individual operators coordinate their efforts with the overall area themes.